M. EVANISHEN

A PROVINCIAL BANK

Solution for Present Crisis

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PREFACE

An honest effort has been made in my study of the Banking system to show how it exploits the producing class, how it throws the burden on the mass of the people, how it keeps the producing class in subjection by controlling the medium of exchange and how we are striving for the almighty dollar.

We have heard not once but many times that in Enrope the people work for less wages than in America and we are convinced that we are better off; it has never occurred to our mind that our monetary unit is stretched 21.43 times, which means, to earn a dollar we have to produce the full amount of $21.43, or that when our wages are $5.00 per day the actual money we receive is equal to 23c.

Read what the New York World writes:

"The American laborer must make up his mind henceforth not to be so much better off than the European laborer. Men must be content to work for less wages; in this way the working-man will be nearer to that station in life to which it has pleased God to call him."

I admit it is easier to criticize what we have than to propose something new to save the situation. However, I sincerely believe that I have the full solution for the present crisis and therefore I will ask for your co-operation. I am sure we are not wishing a bloody revolution, we can attain our object peacefully in a diplomatic way.

Hear Lincoln:

"Labor is prior to and independent of Capital; Capital is only the fruit of Labor, and never would have existed, if Labor had not existed first. Labor is

much the superior, and deserves much higher consideration."

We are not going to take Senator Sharon's word for it: "We need a stronger Government; the wealth of the country demands it; without Capital and Capitalists our government would not be worth a fig. The wealth of the country has to bear the burden of the Government and shall control it. . . .

"There shall be blood, and rivers of it, before the administration shall change."

I would like to ask the old gentleman who it is that he is figuring on going to fight? The producing class? Really he can't be sure that he can find enough scabs to go and assist him in fighting us in our honest efforts.

There is something radically wrong somewhere when those who work get least, and those who work least get most. This fact forces itself home to every thoughtful mind. I therefore submit my theory in the hope that it may help to arouse the people to a sense of the danger that threatens to engulf them lest it slumbers past the hour when salvation is possible.

Very respectfully,

M. EVANISHEN.

Edmonton, October 2nd, 1922.

I have not copyrighted this pamphlet as I do not wish to impede the dissemination of the good news contained herein.

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An acknowledgment would be appreciated.

THE AUTHOR.

THE BANKING BASIS

Presumably very few understand the Banking system, and still fewer know anything about the Banking basis. Not wishing to be misunderstood, I call your attention to the Hazzard Circular, which reads as follows:

"Slavery is likely to be abolished by the war power and chattel slavery destroyed. This, I and my European friends are in favor of, for slavery is but the owning of labor and carries with it the care of the laborers, while the European plan, led on by England, is that Capital shall control Labor by controlling wages. This can be done by controlling the money. The great debt that Capitalists will see is made out of the war must be used as a means to control the volume of money. To accomplish this the bonds must be used as a Banking basis. We are now waiting for the Secretary of the Treasury to make this recommendation to Congress. It will not do to allow the greenback, as it is called, to circulate as money any length of time, as we cannot control that. But we can control the bonds and through them the bank issues."

(Printed and distributed by the bankers of London, England, July, 1862). It is plain enough by what they state in this circular that the bond is the only means by which they can control our medium of exchange.

Just to illustrate the injustice of the bond system, I will use, as an example, A and B. A, of course, will represent the people; B, the bankers and bondholders.

Suppose B buys $1,000 worth of Government bonds. He meets A on the street and says so; he also gives his views on the point, and he says "You ought not to find fault with our currency system; it is good and the credit of the Government is good. I have invested $1,000 in a four per cent. interest-bearing bond, which I consider is as good as an investment at six per cent. interest; and I tell you, when a man is investing his money in a four per cent. bond it shows good condition of the Government's credit."

His transaction with the Government is all right so far as pecuniary interest is concerned. He has invested in four per cent. bonds, which is as good as an ordinary loan at six per cent. interest, because the bond is not taxable. But he hasn't considered all elements of the proposition. He did not realize the effect it bears on his neighbors; for this bond, issued and sold by the Government, we are all collectively responsible for the ultimate repayment of the money with all the interest, discounts, and commission paid for selling, and that means so much more hard labor, more economy, big taxes, etc.

Is it really necessary to go into all those expenses? I do not think so. If the Government has enough power to issue and sell bonds, to bind us to redeem same after expiration of a number of years, with all the expenses so incurred; to use our wealth as security; to bind us under the great Seal to make good for all its actions, good and bad; to tax us so much every year to pay off the debt, surely the Government can use its sovereign power and issue its own money or medium of exchange instead of

bonds, make it legal tender for all debts, put the same in circulation and save by this process all the discounts, commissions, interests and other inevitable expenditures.

The bankers say that a Government must sell bonds to strengthen its "credit."

The medium of exchange to civilization is the same as blood to a human being. Shortage of blood means weakness in the human system; shortage of a medium of exchange means weakness in purchasing power. It is a hardship to the people; they have to labor under a great disadvantage; they have to manage without lots of necessities and ultimately have to borrow. On the other hand, the Government has not gained anything; it contracted the medium of exchange, made money scarcer by destroying it; has not paid any debts by the transaction but rather increased its debt by withdrawing from circulation a non-interest bearing medium of exchange placing interest-bearing bonds in its stead. Whose credit has the bonds strengthened? The bankers' or the Government's? It's the bankers' credit they are strengthening, of course; that's their scheme in multiplying debt on the innocent people.

When the people come to understand just what these bonds mean they will not rejoice over a four per cent. bond, but on the contrary they will be sorry for having been fooled so long by bankers. With the growing intelligence of the people, such opportunities to rob them will pass away from the Capitalists, because more bonds mean less money, shortage of money contributes additional purchasing power to a dollar and since our produce is selling in corre-

sponding ratio to the supply and demand of the medium of exchange, it means less money for the same quantity of produce.

The power of bonds to rob Labor and to produce the dangerous extremes of poverty may be illustrated in the following manner:

A is a producer and represents the people. B is a banker and represents Capitalists or the bond-holding class. They both begin with one thousand dollars each; A has only the thousand dollars, B has more. They are both looking for an investment and are investing each one as they see fit, or rather as circumstances permit them. A has a family and he is obliged to invest his money in land, from which he can dig a livelihood for himself and his family; B invests his money in Government bonds drawing six per cent. interest. B's bond is not taxable for any purpose whatever, A's land is taxable. Here, you see, the non-taxable bond system gives B this advantage over A: B can invest his money so as to escape taxation, while A's poverty forbids it. A must invest his money in something from which he can get a living for himself as well as for his family, by adding his labor to it.

If all national wealth was taxed equally I do not hesitate to say that the taxes would average approximately 2% or $20.00 per $1,000. Since B's bond is non-taxable, A must pay the $20.00 in B's stead; for the Dominion, Provincial or Municipal expenses are not lower because B's property is non-taxable. If B gets rid of paying any taxes A must pay that much more. So through B's bond not being taxable he is saving $20.00 which otherwise he would have to pay

in taxes, and it has fallen so much heavier on A, hence the tax now paid by A is not $20.00 but $40.00.

So far A has only paid B's taxes and now he has to pay the interest on the bond which is $60.00, and the gap between them on $1,000 invested in a year alone is $200.00. (A now has only $900 B $1,100.)

A knows very well how he pays municipal taxes. The assessor comes around and assesses his property, he counts down the dollars and pays the tax collector. This is what is called "direct taxation." To pay the interest on the bond the Government is using "indirect taxation," that is to say A is taxed mostly on all things he purchases; he pays the duties on imports which constitute mainly the revenues of the Government and which revenue is all nearly eaten up by the interest, dividends, commission, etc., paid on the bonds.

If A understood this, and knew just how and why this is accomplished, he would destroy the system which robs him of his hard-earned savings. The banker knows this very well; he goes to work and hires the press, the orators, etc., who say to A not to worry about the bonds, they are not costing him anything. No, they do not! But who is paying taxes and interest? Where is this revenue coming from? They will say from tobacco and liquor. Oh, yes. Why is it necessary to charge a certain percentage on goods which are not raised or manufactured in this country, for instance, on tea, coffee, cocoa, rice, tobacco, cotton and silk, cotton fabrics and bleached fabrics, cultivators and weeders, manure spreaders, potato diggers, etc.? Really it is not to protect home manufacturers. Many of those articles,

upon which there is a heavy duty, are not manufactured in Canada at all. Do you believe that this indirect way of taxing the people is to protect home industries or do you begin to mistrust? The indirect way of paying the taxes is to compel the laboring class to pay taxes which, if paid at all, ought to be paid by the rich.

"But," you would say, "doesn't B, the bond-holder, pay his share? He certainly is purchasing those goods as well as A."

Yes, of course he does, but look what a small per centage he pays. If he has a million dollars invested in the bonds he pays no more taxes than A with his thousand dollars invested in the land, unless he has a larger family—which is very seldom—to consume more goods. Then the bulk of our bonds are held by approximately five per cent. of the population, and the taxes are paid by the rest, or ninety-five per cent. of the population.

How long can A continue to pay B's taxes and interest on his bond? Exactly 10 years, and the transaction will be as follows:

Interest paid by A to B in 10 years, at $60.00 per year	$600.00
Taxes paid by A for B in 10 years, at $20.00 per year	$200.00
Taxes paid by A for himself in 10 years, at $20.00 per year	$200.00
Total	$1,000.00

That is to say, all expenditures have been paid by

A and nothing by B, so A in the course of ten years has lost his investment while B has increased his investment by exactly the same amount lost by A. And so, even here the theory "no matter is wasted in the whole universe" holds good, namely, what A lost B gained.

So B has now $2,000.00, A has none, and all this came about as a result of wise investment.

In the above calculation I do not recognize the fact that A makes his thousand dollars investment pay him a large per cent. That fact has no right to enter into the calculation because A makes his labor yield him his income. B has an equal opportunity to make his labor yield him an income, outside of his bond; for his labor is his own, the same as A's labor is A's.

Fellow-citizen, I do not claim that the above figures show what the exact difference is between the people and the banker-bondholders in an equal amount invested as illustrated by A and B; but they are approximately correct, and they tell a fearful story of the cruelty of the untaxable bond system.

It has cast A much hard labor and many backaches to pay all that money over to B and to support his own family besides, and when grasshoppers or blights visit his crop he is helpless. But nothing harms B's bonds—come grasshoppers, blights, tornado, hog cholera, drought, etc., B's bond draws interest just the same and A pays for it, if it takes his last cow.

A must now practice most rigid economy to make ends meet at the end of a year. The drought has stricken the country for two successive years, his

yearly income failed him and he finds himself five hundred dollars in debt; still he continues to pay B's taxes and interest on his bond.

In addition to all this B has managed to have currency contracted so as to lower the price of what little the drought has left. This has placed A where he must borrow money till he can raise another crop.

The same policy that has made A the borrower has placed B in a good condition to get into banking. B was elected to Parliament and made laws to enable him to grow rich from A's earnings, by making his own property untaxable. He has taken a share of those ill-gotten dollars to pay a shameless press, to deceive people to vote and to uphold the very monetary system that made them all grow old before their time and eventually involved them hopelessly in debt.

A does the borrowing, B does the banking. B takes this same bond that robbed A of his earnings for ten years, directly and indirectly, and places it with the Dominion Minister of Finance as security and proceeds to issue bank notes.

Now A comes to B and applies for $600.00 loan. B takes a mortgage against A's land and grants the loan. Now A not only pays B's taxes and interest on his bond but he is also paying him 10% interest on the money borrowed which B received from the government gratis.

This strengthening of the Government's credit by contracting the volume of money is well explained by Chase, who fed and cared for his steers and when offered for sale they would bring no more than the year before. He says, "I understand, sir, that I can

sell my steers for money enough to buy another pair just as good, because the same thunderbolt that struck me struck everybody else, except the money class. But I want to know who has got my hay and the feed which I have given those two steers during the last year?"

It is plain enough that the value had been squeezed out of his steers into bonds .

We now experience some hard times; farmers are stuck with their produce, business men with their goods on hand. Everything is going down in price. Bankers and financiers are reaping their harvests, foreclosing mortgages on businesses, manufacturing concerns, etc. Laborers are thrown out of work, everybody is bankrupt but the bankers, and now they say that this calamity has befallen the people as a result of over-production and extravagance. Their remedy therefore is hard work and economy.

Let us examine this theory a little. We already have an over-production, and hard labor means more production, and if in addition we practice economy will that not tend to aggravate the disease?

In trade we are mutually dependent upon each other. The prosperity of one branch of business depends upon the prosperity of other branches of business. For instance, the prosperity of the city depends upon the prosperity of the surrounding country, and the prosperity of the surrounding country depends upon the prosperity of the city: that is to say, if the city purchases liberally of the country that puts the country in a condition to purchase liberally from the city.

Therefore over-production and extravagance are

not true causes of hard times. The true causes are bonds, contraction of money, and under-consumption.

Let us illustrate this extravagance. Suppose a farmer is extravagant, he has a wagon and he buys a car in addition when he can well do without it, what then becomes of the money he paid for the car?

The car maker received it, he eventually pays some to the wood-maker, blacksmith, painter, mechanic, laborer, doctor, baker, agent, merchant, barber, grocer, butcher, etc., and they in turn are paying it back to the farmer again for the produce of his farm.

It is easy to see now that what they call individual extravagance is the economy practiced by the whole producing class, because their liberal purchases will keep all above-mentioned mechanics and non-producing classes employed at their own business, whereas if the producing class—farmers—ceases purchasing, all mechanics and the non-producing class will be thrown out of employment and eventually would have to become farmers and the production would be increased without a corresponding increase in consumption. Farmers would now be forced to sell their produce at lower prices, because those who were once purchasers of their labor have not only ceased to purchase but have become competitors in the market for the sale of the same, and so over-production would just begin now.

Let us now examine under-consumption. Suppose we cut our diet to one-half, our clothing and wearing apparel to one-half, and we go to half as many dances as before, what is the effect, generally speaking?

It will throw one-half out of employment. This one-half will be walking the streets begging for a meal; they will complete with their fellow workers in seeking employment, and finally the country will have to take care of them. Is not the bond, the scarcity of money and under-consumption, the real cause of poverty?

In conclusion, to prove my theory, may I call your attention again to "The Panic Circular" of March 12, 1893, sent to all national banks throughout the United States of America by the American Bankers' Association, and which reads as follows:

"Dear Sir,—The interests of national bankers require immediate financial legislation by Congress. Silver, silver-certificates, and treasury notes must be retired and national bank notes upon a gold basis (the phrase gold basis always means a debt basis) made the only money. This will require the authorization of from $500,000,000 to $1,000,000,000 of new bonds (debts) as the basis of circulation. You will at once retire one-third of our circulation and call in one-half of your loans. Be careful to make a monetary stringency felt among your patrons, especially among influential business men. Advocate an extra session of Congress to repeal the purchasing clause of the Sherman Law, and act with other banks of your city in securing a large petition to Congress for its unconditional repeal per accompanying form. Use personal influence with Congressmen and particularly let your wishes be known to your Senators. The future life of national banks is fixed and safe investments depend upon immediate action, as there

is an increasing sentiment in favor of Government legal-tender notes and silver coinage."

ILLUSTRATION OF BANKING

We assume, just for an argument, that there is $1,000,000 of actual cash money in circulation in a community. A bank is opened by a few men who say to the people:

"More business can be done in this community, and you need more money with which to do it. Put your million dollars in our bank and we will arrange to accommodate this demand for more money with which to do business."

The $1,000,000 is deposited in the bank. Several of these people then apply to the bank for a loan to establish a manufacturing concern. The banker approves of the loan, and requests them to have their notes for the amount, and securities against their property, places the amount to their credit and gives them a bank pass-book and a cheque book for them to check against the amount, to pay for their equipment, etc.

Hence, since all classes in the community are depositing their money in the bank, little money will go out in payment for these cheques. Thus a great many loans can be made in this way, new enterprises started and men put to work.

Plans are then submitted to this banker, say for iron works, lumber yards, brick yards, cement works, etc. They look to be safe and sound loans, and are made by the banker to the amount of half a million or so. They leave their notes and securities, and are allowed to draw cheques on the bank to that amount,

in payment for their necessities, equipments, etc., in establishing these enterprises.

Everybody is now leaving their money and cheques on deposit with the bank. The half-million or so of cheques find their way back to the bank in the course of a few days, and are not cashed, the money being left with the bank for safety.

More borrowers come in, leave their notes and mortgages, and borrow, and the amount is placed to their credit in figures, and they also take a pass-book and cheque book with them.

The banker has now loaned out the $1,000,000 and only enough money has been taken out of the bank to meet the small necessities of those bringing in the cheques, and while these small amounts of cash are coming in, the two about balance each other.

The banker has now loaned this million once, and is drawing interest on it, and still has it all in his bank, for the people who have brought in the cheques against this million, that had been loaned, have not cashed them; in other words, have deposited them. So the banker, when he makes up his "bank statement" for the "Returns of the Chartered Banks of the Dominion of Canada," reports that the bank has on deposit not $1,000,000 but $2,000,000, and those who read this statement refer to this as evidence of the prosperity of their community, since the bank began doing business with them.

Other industrious and enterprising men come along to establish new enterprises, and borrow on stocks, bonds, mortgages and all other securities. The banker sees they are good and grants the loans.

Cheques are written to the extent of another mil-

lion. They come back to the bank and are put on deposit, the cash going out being balanced by the cash coming in.

Now, the banker has loaned the million twice, and is drawing interest on it twice at the same time. Another million is loaned in the same way, and only one million dollars is being used as the basis of all these loans, and the banker is drawing interest on the million dollars three times over at one and the same time.

In the bank statement made to the Minister of Finance of the Dominion of Canada it would now report deposits of three million. It makes no distinction between deposits of actual cash and the deposits of cheques drawn against (so-called) bank credits, which really are people's credits.

These loans increase under this process until the bank draws its 8% interest as much or more than ten times over on every million dollars or over 105% on the actual money in the business.

To be correct in my statement I again wish to draw your attention to the same sheet of return of the Chartered Banks of the Dominion of Canada for May 31st, 1922:

Column 26: Total Assets $2,660,976,773; Capital Paid Up $124,116,539. In other words capital is expanded 21.43 times.

I challenge anybody, banker or professor of economics to disprove my statement.

While the people refer to the prosperity of their community as evidenced by the large deposits in the bank, the actual situation is this: The enterprises in the community have all been mortgaged by this

process and the people are working to pay interest and principal on these debts manufactured on them by these so-called bank credits. They are, in fact, financially enslaved and working for the credit money lenders.

The banker or manufacturer of debts now grows most important, and talks about his manufactured loans out of nothing as "accommodation," and now advises and dictates to those doing the borrowing from his institution. He assumes now a patronizing and advisory position to everybody else, considers every person's business his business and his own business nobody's but his own.

In larger cities the clearing house—association of banks—is the modern operation and its main object charging off cheques of one bank against the other, to avoid paying off money. Thus, the balances settled in money is equal to about 5% and this is not paid out to the depositors but transferred from one bank to another.

This is the process by which the banking institutions of Canada, with small capital on hand, have manufactured, by the use of their credit, substituted for money over three and one-half billions of debt against the people of the Dominion of Canada, payable to these banks, principal and interest, in money.

It should be remembered that in the operation, a debt is created against the borrower by loaning him the people's credit (so-called bank's credit) instead of money, and that there is no corresponding amount of money in existence represented by this substitute in which the debt can be paid. Therefore, the scarcity of money in comparison to the debts demanding pay-

ment necessitates constant borrowing, refunding and multiplication of debts and interest and other charges on the people.

A counterfeiter is prohibited by law from creating that which passes as money. The statute says: "Anyone is guilty of an indictable offence and liable to be imprisoned for a term not exceeding 14 years" . . . because in passing it to others he is getting from them something of value for that which cost him nothing. Why, then, should banking corporations be allowed to create a substitute for money, so-called bank credits, which have cost them nothing, yet when loaned to the people can only be paid back, principal and interest, in money which the borrower has to obtain under the most adverse conditions before he can ever pay the debt, if at all, in money?

Under this debt-creating system, money, the medium of exchange, the most important factor in civilization, has been transformed into a gigantic system of oppression. It absolutely perverts the correct economic system, that money to circulate and not money to loan is what the industrial well-being of the world needs.

The following is the result of this false economic money system on the people of this country; manufactured debts—Dominion, Provincial, Municipal, corporate, real, and personal—amounting to approximately $8,000,000,000.

Upon a 5% basis this would be an annual charge of $400,000,000 a year upon the people in interest and dividend charges alone, to say nothing of payments on the principal, which, according to the last census, means $45.61 per capita in interest and dividends for

one year alone; in 40 years at 5% compound interest it would amount to an aggregate of $2,815,992,000, or if everything goes well, with our present financial system, then, after the expiration of 40 years principal plus interest and dividend will amount to the sum of $56,319,840,000, and taking the 1921 census for the basis of an increase in population, i.e., 22% in ten years, the population of Canada would be fourteen and a half million, and the debt per capita then will be approximately $3850 or $2938 increase per capita. It is easy to see that the public debt is multiplying itself very fast and that the talk about the debt growing smaller per capita every year is a lie; if it were so, we would have been a couple of billions ahead now instead of eight billions in debt.

By the self-confession of bankers and financiers who have grown rich during which time they have shaped all legislation on money, they now agree that the present system (which means the gold basis with private banks) is a dismal failure. Listen to Lord Chancellor Birkenhead of England in a recent speech:

"Financiers and professors of political economy are bankrupt as to a solution of the world's troubles; and the fact that they had been able to give so little advice during these trying times staggers, amazes and humiliates me."

Lord Inchcape said:

"Deflation started at the bottom of the economic scale and has played havoc with the incomes and earnings of the people in poor and moderate circumstances. High taxation caused by interest on debts is consuming the earnings of the individual which would otherwise accumulate as capital and be devoted

to reproductive uses. Taxation is driving the nation to national and individual bankruptcy."

The Canadian banking system has been lauded by financial men and by the newspapers so frequently and repeatedly that now we are almost persuaded that it is the greatest thing that ever happened, and that the bankers are the greatest benefactors that ever breathed the breath of life, instead of being the greatest robbers ever created.

Under the operation by banks of issue and a gold basis for redemption of credit money, promises to pay, we find all Europe staggering under a mountain of debt created through and manufactured by the use of credit substitutes for money, devised by banks.

These debts are then made permanent and ever increased by the funding schemes put in operation, until there is little left in the way of an equity above the assessed value of their national wealth.

If a country or nation be bonded for all the assessed value of its property the bondholders and not the people own it.

By extending or calling in bank credits they can inflate or contract the currency.

If they desire to create a fall in prices or influence politics, give an object to an administration, it is only necessary for them to call in their bank credits and retire a part of their bank note circulation and it is accomplished.

As the debts against the people increase and they become more and more financially enslaved, the banking power increases. Such a system is good for the banks and dealers in debts, but means untold

suffering, poverty, bankruptcy and ruin for the people as a whole.

THE GOLD STANDARD

Most of us think that a dollar must necessarily be in gold, that a paper dollar is only representative of gold, not of wealth created. As a matter of fact it is true to some extent at the present time because all our bills are just promises to pay—supposedly gold—but a dollar is not necessarily gold, it can be paper and still be a dollar.

In olden times, people had been using cattle money. Homer writes: "The armor of Glacus was reckoned in 9 oxen, and that of Diomedies 100 oxen." Later on, fish, sugar, cocoa, tobacco, etc., and still later on iron and copper, and now silver and gold; presently gold money over all other money commands the market.

The false economic system of money has been maintained by the dealers in debts, by assuming the intrinsic value of gold; then the importance of maintaining the parity in value of gold and silver; next establishing the so-called gold standard; and the false contention that 25.8 gr. of gold is the unit of value and fixes the purchasing power of the dollar. Having assumed this theory for a sound one, they decline to discuss any further, and proceed to reform the credit superstructure in which they are most interested—the banking and currency system—and object to saying anything about the false foundation upon which the whole system must rest.

They say "a paper dollar is a debt, and has to be redeemed in gold alone in order to be a redeemable

dollar, and a dollar redeemable in all national wealth, including gold, is an irredeemable dollar." Also, that full legal tender dollars secured for their redemption upon the entire wealth and services of the people of Canada and redeemable in everything they possess (including debts and gold) is fiat money, unless redeemable in gold alone. The logical deduction from this would be that by lessening the security back of a dollar or money unit its value would be increased.

This is all based upon the false theory that a dollar is a debt to be redeemed (cancelled) instead of a redeemer (something that cancels debt); when you put a perfect circulating money, unit of value, in a money system, it is not a thing supposed to be redeemed in any one thing. It circulates and stays out as a part of the circulating medium redeemable in everything.

To illustrate: A has $50.00 legal tender dollars B has a cow, which A values at $50.00, and he closes the purchase. The cow redeems the $50.00 as far as A is concerned. B then desires to pay a debt of $50.00, the $50.00 is then redeemed by the debt as far as B is concerned. And the process goes on, ad infinitum, the legal tender dollars being universal orders for all things on sale, all services for hire, and the ultimate payment for all debts.

Therefore I would impress upon the mind that a dollar is not a debt, but a redeemer of debt; hence one dollar should not be redeemed by another dollar.

This idea is an invention of the money lenders and manufacturers of debts, a reversal of all sound ideas of finance that ever existed. It is based on the absurdity that a dollar is a debt. A dollar has never

been a debt. It is not made for redemption, but is made to be a redeemer.

If the paper dollar is treated as a debt, then the gold dollar must be treated as a debt, else the one dollar is not at parity of function with the other dollar; then one has the quality that the other does not possess and the two dollars are not treated on equal terms.

Our whole system of money and currency is built upon this absolutely false foundation, which has, and is now costing the people untold millions of dollars.

The monetary unit of Canada is a dollar, and not the 25.8 gr. of gold in the dollar. The Act establishing coinage of a dollar as the legal unit of value in Canada says that when gold is coined into a dollar or money unit shall contain 25.8 gr. of gold, and this gold shall be weighed according to the standard weight used at the mints before being coined into dollars.

The dollar is the creation of the sovereign power of the people, and it binds them and their property to protect its value and redeem it at par. In fact its money value—its purchasing and debt-paying power—would be the same if it did not have one grain of gold in it. Aristotle speaking on money says in Ethics:

"Money, then, has been made by agreement, as it were, a substitute for demand, and is so called because it exists, not by nature but by law, and it is in our power to change it and make it useless for the purpose. It is called "nomisma (from "nomos," law) because money is not a natural product but exists

only through law, and it lies with us to change it and rob it of its utility as we will."

Paulus, the Roman juris-consult, incorporated in the Pandects of Justinian this economic fact:

"And this material, gold, stamped by the State, circulates with a power which it derives not from the substance but from the quantity. Since that time, of the things exchanged one is called merchandise and the other is called price."

We can easily now see that a dollar is putting the value in the gold and not the gold in a dollar. The value of a dollar depends upon demand, and two-thirds of the present value of gold is based on demand—and is an artificial one—created by the law. Its value as a metal has been entirely lost in a fixed value given it as money, allowing it to be coined into money. No fair-minded person will contend that gold, if demonetized—or denied the use of money—would be worth more than 50 cents on the dollar.

The value of dollars when compared to other things depends upon the quantity of dollars out. Therefore the quantity of dollars constitutes the standard, affecting general prices, and not the gold in the dollar. If the dollars issued are few in number, the standard of their value will be high and the price or value of other things low. If the dollars be many, the standard of their value will be low and prices of other things high. Thus we come to the conclusion that the number of dollars constitutes the standard of value of each dollar and fixes the purchasing power of the dollar; or if gold is a standard at all, it is a standard of payment, but not value.

The professors of political economy in the great

universities who advocate this false theory of money are confounding the idea of a dollar, the legal creation of a sovereign power, with the "standard" weight, a material substance, used as a model by which gold is to be weighed. It would be just as logical to hold that a yardstick made of gold would make the gold in the yardstick a "standard" of length instead of 36 inches in the yard being the standard of the yard, as applied to length; or that a pound made of gold would make the gold in the pound "standard" of weight instead of 12 ounces, as applied to weight.

It would be just as reasonable to contend that a clock or bushel measure made of gold would constitute the "standard" of time or the "standard" of cubical contents, respectively.

The troy pound kept in the mint is simply the "standard" weight for weighing the gold bullion, the yardstick is declared by law to be the model for all other yardsticks and though it is made of bronze it does not necessarily follow that the bronze has to be the "standard" of length. Doing away with all sophistry when applied to money, it means when gold (the metal) is coined into a dollar the said dollar shall contain in weight so many grains of gold.

A dollar as a monetary unit does not change. Seventy-five cents cannot be a dollar, no more than 18 inches could ever measure a yard or 9 ounces weigh a pound.

I would ask all those gentlemen who say they believe that 25.8 grains of gold fixes the purchasing power of the dollar and constitutes the standard of value in Canada to answer the following questions:

If the bank notes, silver, cheques, bills of exchange and Dominion notes were withdrawn from circulation and gold substituted instead, what would be the effect upon values? What would be the result?

Any person of average intelligence knows there would be a great contraction of the circulating medium, a consequent fall in prices, a tremendous increase in the purchasing power of the dollar ending in a money panic. A money panic would follow sufficient to create financial ruin and repudiation throughout the country and the present standard of values would be absolutely destroyed.

To demonstrate how this false economic theory of money has worked in the interest of those who created and maintain it—money lenders and manufacturers of debts—and to the greatest injury of the people, I call attention to the following statement, "Return of the Chartered Banks of the Dominion of Canada," for May 31, 1922:

"Deposit in the central gold reserves of all the 17 Banks is $55,252,533. Foot-note: Of these deposits $9,502,533 is in gold coin, the balance is in Dominion notes, otherwise short of gold."

Bank paper circulation for the same month was $168,410.037, or 5 1-3 cents of gold backing to every paper dollar. Do you wonder now why the gold standard theory is false?

One African tribe has a monetary unit which is called "macute." Macute is not made of gold, silver or even paper, it is simply an abstract expression and is reckoned to represent an ideal value, exactly as our

dollar. The only difference between our dollar and Macute is that though macute is a symbol of wealth you cannot hoard it as you can our gold dollars, and hence you cannot force any interest to be paid on wealth so represented.

PROVINCIAL BANK AND ITS FUTURE

At last the time has come to establish a money system, on sound and correct economic principles. Bankers, money lenders, dealers in debts should not be taken as authorities on this subject. Their personal interest in the banking and currency system should disqualify them as witnesses. It is obvious that their interest and those of the people in establishing a money system are absolutely antagonistic.

If any of us were to ask any of those bank representatives, whether they are in favor of reforming the money system to enable the people to pay off their debts, their logical answer would be "No!," for the reason that their business consists in dealing in debts, and the more debts the more money they obtain from the people.

Is there anything in the record of these high financiers, or the methods they have adopted in manufacturing debts upon the country, calculated to inspire the confidence of the people in any money system that would meet with their approval?

There is no mystery surrounding an honest money system, established on sound economic principles. The mystery and dishonesty begins when one dollar is made the basis for creating from eight to ten imaginary credit dollars, drawing interest from the people and controlling the money system of the

country in the interest of manufacturers and multipliers of debts.

The ruinous effects of this system can no longer be concealed from the people who now feel daily the intolerable burden in the high cost of living and the scarcity of money—no more make-shift legislation on money can save the people's representatives from their direct responsibility, and their votes will now determine whether they are with or against the people.

Having exposed the absolutely false theory of the gold basis scheme, and greatest injury to the people as a result of the monopoly of exchange medium, I respectfully submit the following resolution as absolutely essential to a proper reform of our money system on sound economic principles:

Provincial Bank

Whereas, the United Farmers of Alberta at their convention held in Calgary, in January, 1922, adopted a resolution that the present Government should make application to Ottawa for a Charter to start a Provincial bank; and

Whereas, the privilege of banking and the issuing of paper as currency is in the hands of a few people for their private gain; and

Whereas, the Chartered banks fail to function at the time when their help is most required by the people; and

Whereas, a bank operated under the Provincial Government of Alberta would be to the benefit of all the people of the Province;

Therefore be it resolved that the Alberta Gov-

ernment cause to be secured a Bank Charter in accordance with the Federal Bank Act.

1. The head office of such Bank to be situated at Edmonton in the Province of Alberta.

2. That a Commission be elected, composed of seven members to manage the Provincial Bank; and that the said Commission be elected, one from each two adjoining representative Federal districts and that the seventh member be appointed by the Alberta Legislature; that this Commission shall exercise all the rights and privileges on behalf of the Alberta Government granted to directors and shareholders under the Federal Bank Act.

3. That this Commission shall establish branches or agencies wherever in their judgment there is a probability of the same being profitably maintained; or on the petition of the residents of a district.

4. That the Commission shall have the power to exercise all the privileges granted or imposed by the Federal Bank Act, subject to the direction of the Alberta Legislature.

5. That such Bank, when established, shall do a general banking business and proceed to take full advantage of the right to issue paper currency under the Federal Bank Act.

6. That the Commission shall issue paper currency in sufficient volume to meet the demands of trade in the Province.

7. That the paper currency so issued shall be made a full legal tender for all debt.

8. That this money shall be loaned to the people of the Province at cost, on the following among other securities: urban and rural municipalities, school and

hospital districts, improved and occupied farms or homes; the amount so loaned not to exceed a fixed margin of safety.

9. That upon the repayment to the Bank of any loan the money so received shall be re-loaned as necessity shall demand.

10. That the net profit from all sources of the Bank's business, not required to further develop its undertakings, shall be applied to the general fund of the Government, thus reducing taxation.

The General Solution

First, the Alberta Government will apply to the Dominion Government for a Bank Charter, just the same as any other private organization, thus performing the function of five provisional directors.

Second, the Alberta Government will issue writ to hold an election to elect the directors—commission of six—who, when elected, will take full charge of all affairs.

I wish to make it clear that the government will not need to find any capital whatsoever to be paid to the Dominion Government Minister of Finance, as this is not a private organization; also that the Alberta Provincial Government is not bound to observe clause 17, 3-4 George V, Chapter 9, which reads as follows:

"Upon the issue of the certificate in manner hereinbefore provided, the minister shall forthwith pay to the bank the amount of money so deposited with him as aforesaid ($250,000), without interest, after deducting therefrom the sum of five thousand dollars (which means five per cent. on capital paid up), required to be deposited under the provisions

of this act for the securing of the notes issued by the bank."

Issue of Currency

When the commission is elected, have Legislature called together for the approval of the amount of currency to be used in circulation. The amount to be issued should be definitely specified and kept in records by the Alberta Government.

The money shall be issued in sufficient volume to meet the demands of trade; all currency so issued must be legal tender for all debts, so far as the Province is concerned. The issue, however, should not be necessarily based on Provincial debts, assessed valuation, or any other thing. They shall be printed the same as postage stamps. Remember, a dollar is not a debt but a redeemer (something that cancels debt); thus it is not necessary to base its value on something else, as it will have its value when once in circulation. No person is getting money free--a proportional presentation of labor or energy used has to be shown. Money is serving its function in exchange, and when in circulation becomes a symbol of wealth created.

Do not be afraid of over-issue, as, when interest paid for use of money is done away with, the greedy hoarding of money is likewise done away with. Surely no person will want to pay a tax, even the smallest that can be imposed, since all will be privileged alike. For instance, A will be taxed 1% on money so loaned by him, as well as B, and a private loan will be out of date; B will have no need of holding any more money than he will require for his daily exchange. Remember that individual property is

untouched, and therefore A as well as B can always get enough medium of exchange from the Provincial Bank at the same rate as B, on the assessed valuation or any other thing that he may possess, and it would be foolish to think that A is going to pay to B 1% more for the money loaned when he will be able to get the same as B at the Provincial Bank, and at the same rate. Therefore, any FAIR MINDED PERSON will agree with me that there is no need of fear of over issue of our medium of exchange.

Circulation of Currency

Take for granted that we have a certain amount of Provincial Bank currency issued; and now we begin with our first day's operation. The bank operation is the same as that of others, with only these two exceptions, namely:

1. **We loan our money at cost.**
2. **We are not paying any interest on money deposited.**

Money so loaned is not to exceed a fixed margin of safety, say about 75% of face value and 50% of assessed valuation.

Deposits are received, kept and paid out free of charge.

One day passes without any interruption whatever and so on throughout the year.

No More Collection of Taxes Necessary to Pay Off Our Provincial Debt

The Provincial Bank will have 600,000 shareholders, their total paid up capital will approximately equal $891,566,217 (value of land assessed, $725 916-535, assets, $165,648,682, Dominion statistics).

OUR ANNUAL INCOME IS OVER $300,000,000

Agricultural Production for Alberta

The 1920 crop of wheat was......	83,526,901	bushels
The 1920 crop of oats was..........	115,091,325	bushels
The 1920 crop of barley was........	12,642,249	bushels
The 1920 crop of flax was........ .	725,900	bushels
The 1920 crop of rye was........	3,420,400	bushels

Total value of all field crops for Alberta was estimated at $204,291,599 (Dominion Bureau of Statistics).

Industrial Production of Alberta

Calgary	$26,342,231
Edmonton	15,039,392
Medicine Hat	11,283,547
Lethbridge	2,433,986
	$55,030,156

(C. P. R. statistics).

Financial News, of Toronto, gives the figures of $82,434,422 as the total of industrial production for Alberta.

Total of agricultural production	$204,291,500
Total of industrial production	82,434,422
Coal production for 1920 was 6,908,928 tons, valued at	25,000,000
Fisheries	529,078
Furs	1,560,000
Total..................................	$313,755,000

In addition we have our timber, clay, petroleum, tar sands, salt and other sources of income, all of

which would be immediately developed on the establishment of a Provincial Bank.

Those people who have money for investment, and whose sole income is from the interest on their investments, should not criticize my scheme too harshly, but on the contrary should cooperate and do their best in promoting it. The same when established will help you to overcome the present chaos. You will have a better life, as you will not be afraid of a rise and fall of stock; you will find some other engagement better and more useful by which you will do more for humanity, as well as your own children. Alberta will employ all its laborers, and you gentlemen will make your living honestly, and not by robbery.

After the first crop has been sold, the Alberta dollar will increase in value by the price obtained for the crop sold (less the amount required for Provincial consumption). Thus the surplus, as it is generally called, will take care of our Provincial debt.

Our debt will be paid off through the exchange of our surplus, and while not affecting us financially in any way, we will have enough of currency in circulation; financial crises will be unknown; prosperity will grow, and we all will be a happy and contented people.

This kind of currency has its own history in the U. S. A., when that nation was still in its infancy. This was prior to the England bankers' intervention of 1865, when finally they crushed it by buying over Congress and Senate members, who afterwards legislated in the bankers' favor. Since the above remark-

able intervention of bankers took place in the U.S.A. the latter nation has been crippled, and its history is analogous or similar to the Roman Empire of the fifth century, when it plunged into ruin with few willing to defend it against the "barbarians" who swept down upon it from the north.

Farmers and fellow workers, do not ever deceive yourselves that these manufacturers of debts do not know what the Provincial Bank means. They are aware of their funeral, but do not be cowards, the sooner they are buried the better for us.

THE INTERPROVINCIAL CIRCULATTION OF CURRENCY

The Bank shall make such arrangements as are necessary to secure the circulation at par, in any and every part of Canada, of all notes issued or re-issued by it and intended for circulation; and for this purpose the Bank shall establish agencies for the redemption and payment of its notes at Toronto, Montreal, Halifax, St. John, Winnipeg, Victoria, Charlottetown, Regina and Calgary, and at such other places as are from time to time designated by the Treasury Board (3-4 Geo. V, Chap. 9, S. 70).

The International Trade

The "Foreign Exchange," as it is generally called, does not come within the provincial jurisdiction; however, not to leave any doubts as to its transaction in the minds of those who in time to come may be persistent in disputing the same by maintaining that the Province will interfere with the Dominion "Trade Relations," I am prepared to offer this short explanation.

The exports from one country do not necessarily have to equal the imports from another country to have the balance of trade adjusted, the reason being that we have two kinds of imports and exports, namely: visible and invisible. Visible are all the commodities, including gold and silver; invisible include freight rates, insurance, interest, dividends on foreign capital, commission on sale of bonds, remittances by foreigners, tourist expenditures in foreign countries, etc. Therefore, if Canada exports to the United States two million dollars worth of commodities and the invisible imports from the latter nation are equal to one million, the balance of trade between the two notions will be adjusted when the latter nation exports to Canada only one million dollars worth of commodities.

Suppose Canada in addition to invisible omports, imports one million dollars worth of commodities from the United States, then it owes the latter nation two million dollars, and if it has no gold or other visible export to be made it contracts debt to such an extent in the United States. But suppose this transaction was performed by one of the Provinces, in what respect is the Dominion Government responsible?

The trade relation is purely a Dominion function, and therefore it does not make any difference who contracts the debt. The Dominion Government is responsible for it, and the Province is only responsible to the Dominion Government. If the Dominion Government has a surplus of any kind it settles the adverse balance of trade at the end of every year;

if not, it owes that much, and the Province in this case becomes debtor to the Dominion Government.

The external capital invested takes out all the wealth created from the country in interest and dividends, the internal does the same with only this one difference—it enriches the owners and makes them that much stronger to fight the honest efforts of the producing class.

I am proposing a new system, whereby the dividends will not be paid on a capital invested, but rather on energy used, hence an equal share of dividends will be paid to the producing class instead of to a few individuals. Thus we will take the mightiest weapon of the capitalists and use it for the good of all the producing classes.

The "Foreign Trade" is, and always has been, regulated by the Diminion Government; it rests under their jurisdiction; therefore the contention that by receiving a Provincial Bank Charter we will interfere with Foreign trade relations, is wrong. The Provincial Bank will act as any other Chartered Bank, but will have six hundred thousand actual shareholders, the Bank directors will be directly elected by them—a commission of six, which will take full charge of all affairs of the said Bank immediately after their election.

The above mentioned bank will differ from other banks only in this one particular; **all residents of the Province of Alberta,** citizens and non-citizens, will receive dividends instead of a few individuals as is the case with the other banks.

The Dominion Government is prepared to grant a Bank Charter to a few individuals who pledge them-

selves to subscribe $500,000, and who can pay to the Dominion Minister of Finance $250,000 as evidence of good faith. Such money is returned after the granting of the certificate, except 5c. per dollar on notes issued or intended to issue by a bank, and which is known as the Circulation Redemption Fund. More, the Dominion Government will grant a Bank Charter to the 600,000 of the citizens of Alberta who jointly pledge themselves, with all their wealth and their annual income of approximately $300,000,000 to stand at the back of every dollar so issued by the Provincial Bank and redeem it at par.

Are we going to wait until the Bankers advise us to go ahead with our scheme, or are we prepared to take the necessary steps at once? We certainly have to act, and the sooner the better.

Very respectfully,

M. EVANISHEN.
